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SUBJECT: INDONESIA AT THE MAJOR ECONOMIES MEETING

¶1. (SBU) Summary and Introduction: Indonesia wants the Major Economies Meeting to increase prospects for the success of the 13th UNFCCC Conference of the Parties (COP 13) in Bali in December. The GOI will be sensitive to any negative portrayal of Indonesia, whether as a destroyer of forests or as one of the largest emitter of greenhouse gases. GOI officials have generally given the MEM the benefit of the doubt; they view it as a "confidence building measure" on the road to COP 13, a "political building block" for a successful outcome to Bali. The composition of Indonesia's delegation to the MEM shows that they see themselves participating wearing two hats: as a major greenhouse gas emitter as well as host to COP 13.

¶2. (SBU) GOI officials emphasize the urgency of addressing climate change with immediate and concrete steps. They also emphasize that Indonesia and other developing countries must balance economic development with environmental concerns. Indonesia has particular interest in seeking financial mechanisms (such as carbon trading) to protect rainforests and expanding biofuels. The GOI delegation will therefore be most engaged on discussion of land use/forestry as well as cleaner power generation and fuel technologies, including financing and technology transfer for developing countries. They will also be interested in adaptation funds for protecting coral reefs and coastal communities that depend on reef ecosystems. End summary and introduction.

Wearing Two Hats: The Indonesian MEM Delegation

¶3. (SBU) Indonesia's delegation to the MEM reflects its two separate but related roles: as a major GHG emitter as well as host to COP 13. Minister of Environment Rachmat Witoelar and Presidential Advisor Dr. Emil Salim will wear the host-to-COP 13 hat, while a more technical group led by Minister of Energy and Mineral Resources Purnomo Yusgianto will represent Indonesia as major economy and GHG emitter. The group under Minister Purnomo may include (as of September 20, this was still unclear):

-- Dr. Nenny Sri Utami, Head of Energy Resources Research and Development Agency, Ministry of Energy and Mineral Resources;
-- Ms. Masnellyarti Hilman, Deputy Minister of Environment for Nature Conservation Enhancement and Environmental Degradation Control;
-- Dr. Yetty Rusli, Head of Forest Planning Agency (BAPLAN) OR Mr. Wahyudi Wardoyo, Head of Forestry Research and Planning Agency (BALITBANG), Ministry of Forestry; and
-- Mr. Salman Al-Farisi, Director for Development, Economic and Environmental Affairs (instead of Reslan Izhar Jenie, Director General for Multilateral, Financial and Development Affairs, Ministry of Foreign Affairs).

MEM: A Good Sign, but It WILL Tie into COP 13, Right?

14. (SBU) High-level USG statements and conversations between GOI officials and USG officials have significantly allayed concerns that the MEM process will be separate from and somehow undermine COP 13. GOI officials, however, will seek continued assurances that the MEM process will dovetail into the UNFCCC process and contribute to a successful COP 13. Minister Witoelar and others welcome the MEM to the extent that it provides an opportunity for serious dialogue among major countries that could lay the basis for consensus on some climate change issues by December. Witoelar has expressed hope that this initiative might help pressure Russia, China, and India to engage constructively at COP 13.

Third Largest Emitter? That's Your Opinion

15. (SBU) With the world focused on Indonesia as host to COP 13, the GOI is sensitive to claims that Indonesia is the third largest emitter of greenhouse gases, mainly from deforestation and land use change. While acknowledging that Indonesia is a large emitter, both Minister Witoelar and Dr. Salim have publicly questioned the accuracy of this statistic and say that there are reports that show otherwise. At the MEM and other climate change fora, the GOI would prefer for other countries to regard it primarily in its role as COP 13 host, not as a top-five GHG emitter. Ministry of Foreign Affairs officials have echoed this line.

Wait and See: From the MEM to Pre-COP Ministerial

16. (SBU) The GOI's four main COP 13 agenda items will determine its positions and interests at the MEM: a post-2012 mitigation strategy; an adaptation funding mechanism; reducing emissions from deforestation and degradation; and technology transfer. The GOI understands that successful outcomes in each of these areas depends largely on the success of upcoming meetings, including the September 24 U.N. discussions, the MEM, and October 24-25 pre-COP ministerial in Bogor. For this reason, the GOI will wait until early October to finalize a discussion non-paper on these items for the pre-COP ministerial. Indonesia hopes that the U.N. meetings and the MEM will facilitate movement towards consensus on these issues among both developed and developing countries.

Your Money, Our Forests: Avoided Deforestation and the F8 (Forestry Eight)

17. (SBU) The GOI wants the rest of the world to pay countries like Indonesia to preserve its rich tropical forests. It will focus on what the MEM has to say about land use and forestry. GOI officials are focusing on "carbon credits for not cutting down trees", or any other mechanism that assigns their standing forests financial value. President Yudhoyono's recently proposed "Forestry Eight" group of countries with significant rainforests (the GOI claims that the group now includes up to 20 countries) would focus on preparing a common position on economic incentives for reduced emissions from deforestation and degradation (REDD), via "avoided deforestation". Indonesia wants to develop this common position to increase their bargaining position at COP 13. Although Minister Witoelar has publicly stated that "We're all in agreement now for the first time", it is unclear whether the GOI has gotten buy-in from all these countries. The group's first meeting will take place on the sidelines of the U.N. annual plenary session in New York on September 24.

Financing Mitigation, Adaptation, and Clean Technology

18. (SBU) The GOI has repeatedly emphasized that it wants to balance its economic development with environmental concerns. Therefore, in addition to financial mechanisms to protect rainforests, the GOI has particular interest in low-cost financing of clean technologies. The GOI wants to pursue cleaner power generation and fuel technologies. It will be very interested in discussions about affordable technology transfer.

¶9. (SBU) The Indonesians will raise not only financing for technology transfer, but also financing for climate change mitigation and adaptation. The Indonesian REDD proposal developed by the GOI and the World Bank is the most advanced REDD country proposal at this time. The Forest Carbon Partnership Facility (FCPF) is one REDD instrument that the World Bank wants to launch at COP 13. However, Indonesia would prefer to work climate change activities through a multi-donor fund such as the World Bank-proposed Indonesia Climate and Resource Use Sustainability (ICARUS) Fund, over which it could have more management control.

Coral Reefs and the Coral Triangle Initiative

¶10. (SBU) President SBY discussed U.S. support for a new multilateral partnership called the Coral Triangle Initiative (CTI) with President Bush at the APEC Summit. Dr. Salim and several ministers have also raised the Coral Triangle Initiative (and the importance of preserving the coral reefs as carbon sinks) in conversations and public statements. The GOI delegation may suggest that any incentives for avoided deforestation also include coral reef conservation, or that adaptation funds also target reef ecosystems and their dependent coastal communities.

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